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Guan Chao Holdings Limited

冠轆控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1872)

**(1) CLARIFICATION ANNOUNCEMENT IN RELATION TO THE
CIRCULAR REGARDING THE ANNUAL GENERAL MEETING;
(2) PROPOSED ADOPTION OF THE 2025 SHARE SCHEMES;
AND
(3) TERMINATION OF THE EXISTING SHARE OPTION SCHEME**

THE CLARIFICATION

The Company wishes to clarify an unintentional oversight related to Rule 13.52(1)(e)(ii) of the Listing Rules concerning amendments to its Existing Share Option Scheme, particularly regarding the Refreshment of the Scheme Mandate Limit. This oversight resulted in the Company failing to fulfil its obligation to secure the necessary “no comment” confirmation from the Stock Exchange prior to the issuance of documents relating to the share scheme required under Chapter 17 of the Listing Rules.

In light of this situation, the Company intends to formally withdraw the resolution related to the proposed Refreshment of the Scheme Mandate Limit mentioned in the AGM Notice, and remove the related disclosures from the AGM Circular.

PROPOSED ADOPTION OF THE 2025 SHARE SCHEMES AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

The Board has resolved to propose the adoption of the 2025 Share Schemes and the termination of the Existing Share Option Scheme in order to reflect the latest changes and requirements under Chapter 17 of the Listing Rules.

GENERAL

The 2025 Share Schemes constitutes a share scheme involving the issue of new Shares under Chapter 17 of the Listing Rules and is accordingly subject to the approval of Shareholders in a general meeting.

An AGM/EGM will be convened to consider, if thought fit, the approval of the adoption of the 2025 Share Schemes and to approve a mandate for the allotment and issuance of new Shares for the satisfaction of any Options (upon exercise of the subscription rights attaching to such Options) and any Awards shall not exceed the Scheme Mandate Limit.

A circular containing, among others, information regarding the proposed adoption of the 2025 Share Schemes will be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

Reference is made to the AGM Circular and the AGM Notice. Unless otherwise specified, the terms used in this announcement shall have the same meanings as those defined in the AGM Circular.

1. THE CLARIFICATION

The Company wishes to clarify an unintentional oversight related to Rule 13.52(1)(e)(ii) of the Listing Rules concerning amendments to its Existing Share Option Schemes, particularly regarding the Refreshment of the Scheme Mandate Limit. This oversight resulted in the Company failing to fulfill its obligation to secure the necessary “no comment” confirmation from the Stock Exchange prior to the issuance of documents relating to the share scheme required under Chapter 17 of the Listing Rules.

In light of this situation, the Company intends to formally withdraw the resolution related to the proposed Refreshment of the Scheme Mandate Limit mentioned in the AGM Notice, and remove the related disclosures from the AGM Circular, which contains the following amendments:

- (i) removing all disclosures under the section titled “PROPOSED GRANTING OF GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES”, which are currently found on pages 7 to 10 of the AGM Circular; and
- (ii) removing the ordinary resolution no. 8, which is currently found on page 28 of the AGM Circular and page 4 to 5 of the AGM Notice.

Remedial measures to be taken by the Company to avoid similar non-compliance

To prevent future compliance issues, the Company is committed to implementing the following measures:

- (a) the Board will maintain close collaboration with its company secretary on compliance matters, and when necessary, will seek guidance from external legal or other professional advisers to ascertain any disclosure or compliance requirements under the Listing Rules; and
- (b) the Company will organise relevant internal training sessions for all Directors, senior management, and pertinent personnel within the Company and its subsidiaries to ensure a comprehensive understanding of the requirements set forth in the applicable Listing Rules.

2. TERMINATION OF THE EXISTING SHARE OPTION SCHEME

To address the issues regarding the proposed arrangement for the Existing Share Option Scheme, the Board has resolved to propose the adoption of the 2025 Share Schemes and the termination of the Existing Share Option Scheme.

The Existing Share Option Scheme

The Existing Share Option Scheme was adopted by the Company on 1 February 2019 and is effective from the Listing Date.

In light of the amendments to Chapter 17 of the Listing Rules, which become effective on 1 January 2023, the Company plans to terminate the Existing Share Option Scheme and introduce the 2025 Share Schemes. The new scheme will be designed to comply with the updated requirements of Chapter 17 of the Listing Rules.

Upon termination of the Existing Share Option Scheme, no additional share options can be granted under the Existing Share Option Scheme. However, any share options that have been granted but not exercised and remain valid prior to termination of the Existing Share Option Scheme will continue to be exercisable according to the terms of the Existing Share Option Scheme.

As of the date of this announcement, there are currently 9,000,000 outstanding share options entitling the holders thereof to subscribe for a total of 9,000,000 Shares under the Existing Share Option Scheme. None of these options have been exercised, all remain outstanding and are available for exercise until 7 April 2030. Furthermore, there is no unutilised scheme mandate limit that permits the granting of additional options under the Existing Share Option Scheme.

According to the terms of the Existing Share Option Scheme, the Company may by resolution in general meeting or the Board may at any time terminate the operation of the Existing Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Existing Share Option Scheme shall remain in full force and effect.

Subject to the adoption of the 2025 Share Schemes outlined below, the Board will terminate the Existing Share Option Scheme. As of the date of this announcement, the Company has no other existing share schemes, aside from the Existing Share Option Scheme, under which it may grant options for new shares or awards, either in the form of new shares or existing shares.

3. PROPOSED ADOPTION OF THE 2025 SHARE SCHEMES

The Company acknowledged that changes to Chapter 17 of the Listing Rules, which took effect on 1 January 2023, would apply to all share schemes of listed issuers, regardless of the specific terms of those schemes. To maintain continuity in its share option scheme, the Company proposes to implement the 2025 Share Schemes. This new scheme will conform to the updated requirements of Chapter 17 of the Listing Rules and will replace the Existing Share Option Scheme. In respect of the purposes of the 2025 Share Schemes, new Shares comprise treasury shares and the issue of new Shares includes the transfer of treasury Shares (subject to the requirements of the relevant Listing Rules). If the Company has treasury shares available, the Company may use the treasury shares for the 2025 Share Schemes where appropriate.

A summary of the principal terms of the 2025 Share Schemes is set out below.

Conditions precedent:

The 2025 Share Schemes will take effect upon the satisfaction of the following conditions:

- (a) the passing of ordinary resolution by the Shareholders at the AGM/EGM to approve the adoption of the 2025 Share Schemes; and
- (b) the Listing Committee granting the approval for the listing of, and permission to deal in, any Shares to be allotted and issued pursuant to the Options and/or Awards.

Purpose:

The purpose of the 2025 Share Schemes is to enable the Company to grant Options and/or Awards to selected participants as retention incentives or rewards for their contributions to the Group, to attract suitable personnel to enhance the development of the Group and to align the interests of the Grantees generally with those of the Shareholders for the benefit of the medium to long term development of the Group.

Eligible Participants:

Subject to the respective adoption of the 2025 Share Schemes and early termination in accordance with their respective rules, the Remuneration Committee may at any time within ten years commencing on the Adoption Date make proposals for Offers to be made to such Eligible Participants as the Remuneration Committee may in its sole and absolute discretion select.

The Eligible Participants are any director or employee of, or any person who has accepted an employment offer (whether full time or part time) from, or who is being granted Options or Awards as an inducement to enter into employment contract with, any member of the Group.

The 2025 Share Schemes shall be subject to the administration of the Remuneration Committee which, in assessing the eligibility of an Eligible Participant, will consider factors as it shall considers relevant, including the job responsibilities, duties and scope, performance of the individual, the prevailing market conditions, local market practice and industry standards and benefits, contribution made or expected to be made to the growth and development of the Group and whether granting of an Option or an Award is an appropriate incentive, and how an Option or an Award (taken together with any performance targets and/or vesting terms) can serve the purpose of the 2025 Share Schemes with respect to the proposed Grantee.

Any proposals for grants of an Option or an Award will be subject always to the approval of the Remuneration Committee.

Terms of the Awards and Options:

Subject to the provisions of the Listing Rules, applicable laws and other regulations, and the articles of association of the Company from time to time in force, the Remuneration Committee has sole and absolute discretion to determine the terms and conditions to which the Option or the Award shall be subject, including:

- (a) a minimum vesting period;
- (b) the performance, operating and financial targets and other criteria to be satisfied before the Option or the Award can vest;
- (c) (in respect of Awards) the amount, if any, payable on application or acceptance of the Award and the period within which payments or calls must or may be made or loans for such purposes must be repaid;
- (d) (in respect of Options), the Subscription Price;
- (e) the period, if any, during which Shares allotted and issued upon exercise of the Option or allotted and issued or transferred upon vesting of the Award shall be subject to restrictions on dealings, and the terms of such restrictions; and
- (f) the notification period, if any, to be given to the Company of any intended sale of Shares allotted and issued upon exercise of the Option or Shares allotted and issued or transferred upon vesting of the Award.

Grantees shall have no right to receive any dividend (or any amount equal in value to any dividends) paid or which may be payable by reference to a record date falling prior to exercise of an Option or vesting of an Award.

Any Offer made to any Eligible Participant who is a Director or a Senior Manager where the Option or the Award:

- (i) has a vesting period of less than 12 months; and/or
- (ii) does not include any performance target or clawback mechanism to recover or withhold any unvested Option or Award (or any portion thereof) in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances,

shall be subject to considered explanation of the Remuneration Committee.

The Board and the independent non-executive Directors are of the view that the inclusion of Directors and employees as Eligible Participants of the 2025 Share Schemes is in line with the purposes of the 2025 Share Schemes, and is fair and reasonable and in the long-term interests of the Company and the Shareholders as a whole.

Vesting period:

Unless otherwise determined and approved by the Remuneration Committee, an Option must be held for not be less than 24 months before it can be exercised, and an Award must be held for not be less than 36 months before it vests. In any event the vesting period for Options and Awards shall not be less than 12 months save in the case of separate listing or sale of a member of the Group, disposal of the business of a member of the Group, where a Grantee ceases to be treated as an Eligible Participant, the Remuneration Committee may, subject to compliance with the Listing Rules, waive any conditions to vesting of an Option or an Award; when certain events affecting all Shareholders occur, and the following specified circumstances, where the Option or the Award:

- (a) is to be made to a new Eligible Participant to replace the options or share awards they forfeited when leaving the previous employer(s);

- (b) is subject to performance-based vesting conditions in lieu of (in whole or in part) time-based vesting criteria;
- (c) would have been made earlier but was delayed in order to accommodate administrative and compliance requirements of the Group that entailed Options or Awards generally being made in batch during a year;
- (d) contains a mixed or accelerated vesting schedule such as, where the Option or the Award may vest evenly over a period of 12 months; or
- (e) has an aggregate vesting and lock up period (i.e. the period during which the Grantee is restricted from disposing of the Shares issued upon the exercise of vested Options or Shares that are transferred to the Grantee upon vesting of the Awards) which exceeds 12 months.

The Board considers that the flexibility to provide accelerated vesting schedules under the above circumstances is appropriate to offer a more competitive remuneration package that will attract or further incentivize selected participants.

No Option or Award will vest unless all relevant conditions to which it is subject have been satisfied, waived or, by the terms of grant, treated as having been waived.

Performance targets:

Under the rules of the 2025 Share Schemes, the Remuneration Committee has the sole and absolute discretion to determine the performance, operating, and financial targets and other criteria to be satisfied before the Award or the Option can vest.

Clawback mechanism:

Under the rules of the 2025 Share Schemes, an Option (to the extent not exercised) and an Award (to the extent not vested) shall lapse automatically on the date the Grantee ceases to be an Eligible Participant by reason of termination of employment on grounds entitling the employer to effect such termination without notice (including, but not limited to, if he/she has been guilty of serious misconduct, or has committed any act of bankruptcy or has made any composition with his/her creditors generally or has been convicted of any criminal offence involving his/her integrity or honesty or has done something which brings any member of the Group into disrepute or in the event of a material misstatement in the Company's financial statements) whether pursuant to the terms of the contract of employment of the Grantee or otherwise, or the date on which a notice terminating the employment of such Eligible Participant for such reason is in fact given, whichever is the earlier. In the circumstances described above,

- (i) in the case of Options, where an Option has vested and has been exercised, but the Shares have not yet been issued to the relevant Grantee, such Options shall be deemed not to have been exercised and shall lapse immediately, and no Shares shall be issued. Any Subscription Price paid by the Grantee shall be returned to the Grantee (without interest); and
- (ii) in the case of Awards, where an Award has vested but the Shares referable to the vested Awards have not yet been transferred to the relevant Grantee, such Awards shall be deemed not to have vested and shall lapse immediately, and no Shares shall be transferred.

Such a mechanism aligns with the purpose of the 2025 Share Schemes in that Grantees who have triggered the clawback mechanism should not continue to benefit from the Option or the Award.

**Subscription Price of
Options under the 2025
Share Option Scheme:**

Grantees to whom Options are granted are entitled to subscribe for the number of Shares at the Subscription Price as determined on the Date of Grant.

The basis for determining the Subscription Price is specified in the rules of the 2025 Share Option Scheme. The basis of the Subscription Price complies with the requirements of the Listing Rules and is consistent with the purpose of the 2025 Share Option Scheme, and it encourages the selected Eligible Participants to contribute to the development of the Group to bring about an increase in market price of the Shares, so that they can further capitalise on the benefits of the Options and the Subscription Price.

**Purchase Price of Award
and Shares under the 2025
Share Award Scheme:**

Under the rules of the 2025 Share Award Scheme, the Remuneration Committee may determine the amount, if any, payable by a Grantee on acceptance of the Award and the period within which payments or calls must or may be made or loans for such purposes must be repaid.

None of the Grantees shall be required to pay any further amount upon the vesting of the Awards and transfer of the Shares, other than costs associated with the delivery of Shares in physical scrip (where the Shares are available in certificated format) unless the Company otherwise agrees.

This allows the Remuneration Committee the flexibility to determine the price based on considerations including the purpose for granting the Award and the identity of the Eligible Participant and taking into account any other conditions to be satisfied for the Awards to vest, to align the overall terms of the Awards with the purpose of the 2025 Share Award Scheme.

Scheme Limit:

The Remuneration Committee shall not grant any Option or make any Award that may result in the total number of Shares to be issued in respect of Options granted under the 2025 Share Option Scheme, Awards granted under the 2025 Share Award Scheme and any awards and/or options granted under any other share schemes exceeding the Scheme Mandate Limit.

If and to the extent that any Award is to be satisfied by the issuance and allotment of new Shares, such new Shares must be issued and allotted pursuant to any scheme mandate that may from time to time be approved by resolution of the Shareholders in general meeting in accordance with the requirements of the Listing Rules and such mandate shall be subject to the Scheme Mandate Limit. Accordingly, the Company will seek the Shareholders' approval for the issue of Shares up to the Scheme Mandate Limit.

As of the date of this announcement, the Company had 561,506,081 Shares in issue. Assuming there is no change in the number of Shares in issue between the date of this announcement and the date of the AGM/EGM, the Scheme Mandate Limit will authorise the issue of up to 56,150,608 new Shares, representing approximately 10% of the issued Shares as at the date of this announcement.

The Company will apply to the Stock Exchange for the grant of the approval for the listing of, and permission to deal in, the Shares to be issued by the Company to any Grantee pursuant to the terms and conditions of the 2025 Share Schemes.

Further details of the 2025 Share Schemes will be set out in the circular to be despatched to the Shareholders.

GENERAL

The 2025 Share Schemes constitutes a share scheme involving the issue of new Shares under Chapter 17 of the Listing Rules and is accordingly subject to the approval of Shareholders in a general meeting.

An AGM/EGM will be convened to consider, if thought fit, the approval of the adoption of the 2025 Share Schemes and to approve a mandate for the allotment and issuance of new Shares for the satisfaction of any Options (upon exercise of the subscription rights attaching to such Options) and any Awards shall not exceed the Scheme Mandate Limit.

A circular containing, among others, information regarding the proposed adoption of the 2025 Share Schemes will be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“2025 Share Award Scheme”	the share award scheme which is proposed to be considered, and if thought fit, adopted at the AGM/EGM, the principal terms of which will be set out in the Company’s circular
“2025 Share Option Scheme”	the new share option scheme which is proposed to be considered, and if thought fit, adopted at the AGM/EGM, the principal terms of which will be set out in the Company’s circular
“2025 Share Schemes”	collectively, the 2025 Share Award Scheme and the 2025 Share Option Scheme
“Adoption Date”	the date on which the 2025 Share Award Scheme and/or the 2025 Share Option Scheme (as the case may be) is approved and adopted by the Shareholders
“AGM” or “EGM”	the annual/extraordinary general meeting of the Company to be held and convened to consider and, if thought fit, approving, among others, the proposed adoption of the 2025 Share Schemes
“AGM Circular”	the circular issued by the Company on 15 April 2025 in relating to the AGM to be held on 21 May 2025
“AGM Notice”	the notice of the AGM issued by the Company on 15 April 2025

“Award(s)”	the award(s) which may be granted by the Remuneration Committee under the 2025 Share Award Scheme subject to adoption of the 2025 Share Award Scheme by the Shareholders
“Board”	the board of Directors
“Company”	Guan Chao Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1872)
“Date of Grant”	in respect of any Option, the Business Day on which the Board resolves to make an Offer to an Eligible Participant (unless otherwise specified in the terms of the Letter of Grant)
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	any director or employee of, or any person who has accepted an employment offer (whether full time or part time) from, or who is being granted Options and/or Awards as an inducement to enter into employment contract with, any member of the Group
“Existing Share Option Scheme”	the share option scheme adopted by the Company on the Listing Date
“Grantee(s)”	any Eligible Participant who accepts an Offer in accordance with the terms of the 2025 Share Schemes
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Letter of Grant”	the offer and acceptance letter between the Company and the Grantee evidencing the terms and conditions of an Option
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	28 February 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Offer”	an offer for the grant of an Award or the grant of an Option, as the context requires
“Option(s)”	an option to subscribe for Shares granted or to be granted under the 2025 Share Option Scheme
“Remuneration Committee”	the remuneration committee of the Board
“Scheme Mandate Limit”	maximum number of Shares which may be issued upon the exercise of all options and vesting of all awards to be granted and to be granted under all share schemes of the Company, which shall initially not exceed in aggregate 10% of the issued Shares as at the Adoption Date and thereafter, if refreshed shall not exceed 10% of the Shares in issue at the date of approval of the refreshed limit by the Shareholders
“Share(s)”	ordinary share(s) in the share capital of the Company with a par value of HK\$0.1 each
“share schemes”	at any time, any other share scheme (as defined in Chapter 17 of the Listing Rules) adopted by the Company pursuant to Chapter 17 of the Listing Rules which is then operational
“Shareholders”	holder(s) of Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option

By Order of the Board
Guan Chao Holdings Limited
Tan Shuay Tarnng Vincent
Co-chairman and executive Director

Hong Kong, 29 April 2025

As at the date of this announcement, the Board comprises Mr. Tan Shuay Tarnng Vincent, Mr. Zhang Xiaoyang, Ms. Ng Hui Bin Audrey, Ms. Beng Lee Ser Marisa and Mr. Jin Zhehui as executive Directors; and Mr. Chow Wing Tung, Mr. Tam Yat Kin Ken and Mr. Zhong Lili as independent non-executive Directors.*

* *For identification purpose only*